

November 4, 2003

Opening Statement by Congressman Paul E. Gillmor  
House Financial Services Committee  
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises  
Hearing entitled, "Mutual Funds: Who's Looking Out for Investors?"

Thank you, Mr. Chairman, for calling this important hearing and for your continued leadership on this issue. I am pleased to have joined our Chairman as an original cosponsor of his overall mutual funds reform legislation, the Mutual Funds Integrity and Fee Transparency Act (HR 2420) considered and approved by this Committee last July.

Little did we know last summer, that we would be revisiting this topic in Committee hearings this week made necessary by recent revelations of widespread improper trading arrangements, late trading, and market timing trading practices across the mutual funds industry.

Over the past two decades, the percentage of households in the United States invested in the stock market has grown from 32.5 to 49.5 percent, according to a survey published by the Investment Company Institute and the Securities Industry Association. In Ohio alone, there are 3,916,000 shareholders with \$295.4 billion invested. Many of these Americans and families in the Fifth District of Ohio, which I am privileged to represent, are invested through mutual funds and often they depend on the safety of their funds to enjoy a secure retirement. The revelation of abuses within the mutual fund industry affects average Americans across our nation and clearly calls into question the effectiveness of its current regulatory structure.

I look forward to our witness' testimony today and Thursday as we explore the details of recent trading abuses and discuss how such activities continued without immediate scrutiny by the Securities and Exchange Commission (SEC), let alone the fund managers who are directly tasked with protecting the interests of mutual fund investors.

Thank you again, Mr. Chairman, for providing us with this opportunity to address these remaining issues and I look forward to an informative session.